



The Affordable Care Act: Individual Grandfathered Health Plans

What is a Grandfathered Health Plan?

Generally, an individual health plan is a grandfathered plan if it was purchased on or before March 23, 2010, and has not been changed in ways that substantially cut benefits or increase costs for consumers. Grandfathered health plans are not subject to some of the provisions of the Affordable Care Act (ACA). Health plans can make certain changes and still maintain their grandfathered health plan status. However, a number of plan changes could result in a health plan losing its grandfathered health plan status.

What does and does not apply to grandfathered health plans?

All health plans are required to:

- Remove lifetime dollar limits to essential health benefits (EHBs)
- Not cancel coverage, except in the case of fraud, intentional misrepresentation or for non-payment of premium
- Extend dependent coverage (if any) to adult children until they turn 26 years old

Individual grandfathered plans do not have to:

- Offer preventive services at no cost to the individual
- Apply ACA appeals and external review requirements
- Apply ACA emergency services and physician choice requirements
- Remove annual dollar limits on EHBs
- Eliminate pre-existing condition exclusions for children under 19 years old
- Cover EHBs

What Causes a Plan to Lose Grandfathered Health Plan Status?

Among other changes, an individual health plan will lose its grandfathered status if any of the following changes are made after March 23, 2010:

- **Elimination of Benefits.** The elimination of all or substantially all benefits to diagnose or treat a particular condition or any necessary element to diagnose or treat a condition. For example, a plan eliminates all benefits to treat diabetes, cystic fibrosis or HIV/AIDS.

- **Coinsurance Changes.** Any increase in a percentage cost-sharing requirement. For example, if a plan's coinsurance percentage is increased from 10 to 20 percent of covered charges, a plan would lose its grandfathered status.
- **Copayment Changes.** An increase in a fixed-amount copayment, if the total increase in the copayment exceeds the greater of \$5 (increased by medical inflation) or a percentage equal to medical inflation plus 15 percentage points. For instance, if a plan increases its fixed-dollar copayment amount for a doctor's office visit (e.g., \$10 per office visit) by more than the greater of the two amounts, a plan would lose its grandfathered status.
- **Deductible Increases.** An increase in a fixed-amount, cost-sharing requirement other than a copayment (e.g., deductibles or out-of-pocket limits), if the total percentage increases in the cost-sharing requirement exceeds medical inflation plus 15 percentage points. As an example, if applicable medical inflation amount is 4 percent, a deductible increase of 20 percent would cause a plan to lose grandfathered status.
- **Annual Dollar Limits Added or Tightened.** A plan that: (1) does not have an overall annual or lifetime dollar limit on all benefits adopts an overall annual dollar limit on benefits; (2) has an overall lifetime dollar limit on all benefits (but no overall annual dollar limit) adopts an overall annual dollar limit that is lower than the lifetime dollar limit; or (3) has an annual dollar limit on all benefits decreases the value of the annual dollar limit.

Disclosure Requirements

To maintain grandfathered status, ACA requires that a health plan include a statement in any plan materials provided to a participant or beneficiary that describes the benefits provided under the plan, that the plan believes it is a grandfathered plan under ACA, and provide contact information for questions and complaints.

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